

E-203, 138/SA-88-594 (21-01)DENYING CHANGE IN SERVICE ARRANGEMENTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of a Request by Ronald D.
Carlson to be Released as a Customer of
Runestone Electric Association

ISSUE DATE: November 29, 1988

DOCKET NO. E-203, 138/SA-88-594 (21-01)

ORDER DENYING CHANGE IN SERVICE
ARRANGEMENTS

PROCEDURAL HISTORY

On August 3, 1988 Ronald D. Carlson filed a petition requesting that he be allowed to receive electric service from Alexandria Light and Power (Alexandria), a municipal utility, instead of Runestone Electric Association (Runestone), his current service provider. Mr. Carlson also submitted a petition signed by several neighbors making the same request on their own behalf.

The reasons given for seeking the change were that Alexandria's rates were lower than Runestone's, that their homes were located within Alexandria's assigned service area, that Runestone's service was subject to voltage fluctuations, and that, as Alexandria residents, they should be able to receive service from the municipal utility.

The Department of Public Service (the Department) investigated the requests and stated that, although petitioners' homes were located within Alexandria's assigned service area, Runestone was serving them in accordance with an agreement between the two utilities dating back to the establishment of assigned service areas in 1974. The Department also stated that Mr. Carlson's property was located outside the municipal boundaries of the City of Alexandria, although that fact had no bearing on which utility should serve him. The Department did not state whether the other property owners were similarly located.

The Department recommended denial of the requests on grounds that the agreement between the two utilities was clear, was authorized by statute, and should be respected as a matter of public policy.

FINDINGS AND CONCLUSIONS

The Commission agrees with the Department that these requests must be denied. The assigned service area statute of 1974 was intended to help bring stability to the electric utility industry by dividing the state into exclusive service areas. To expedite this process, the statute encouraged utilities to reach agreements on service area boundaries.

One of the mechanisms used to encourage agreements was to allow utilities to agree to make exceptions to assigned service areas. This allowed utilities to prevent the disruption of existing service arrangements, to control load loss during the transition period, and to minimize the number of reconnections required during the transition period. The statute granted utilities broad rights to make exceptions to assigned service areas to preserve existing service arrangements, among other reasons. Minn. Stat. §§ 216B.39, subd. 4 and 216B.40 (1986).

Mr. Carlson and the other petitioners are receiving service from Runestone under one of these agreements. The agreement was designed to allow Runestone to continue serving existing customers in an area where future customers would be assigned to Alexandria. Runestone had been serving Mr. Carlson's property since 1957, well before assigned service areas were established. The same is true of the other petitioners. Department records show that Runestone has been serving the property of one of them since 1938.

The Commission finds that Runestone serves Mr. Carlson and the other petitioners under a recognized exception to Alexandria's assigned service area and that it is the policy of the Commission to honor such exceptions. The petition will be denied.

ORDER

1. The request of Ronald D. Carlson and petitioning neighbors to receive service from Alexandria Light and Power instead of Runestone Electric Association is denied.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)